

IN THE

United States Circuit Court
of Appeals

FOR THE

NINTH CIRCUIT

BROADWAY TOWEL SUPPLY COMPANY,
a corporation, and
AMOS BURG,

Appellants,

vs.

BROWN-MEYER COMPANY,
a corporation,

Appellee.

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On Appeal from the District Court of the United
States for the District of Oregon.

APPELLEE'S SUPPLEMENTAL BRIEF

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GENERAL COMMENT ON IMPORTANCE
OF THE INVENTION.

Before proceeding to argument upon the merits it is deemed to be in order to urge upon the attention of this Honorable Court, although the point is not raised by appellants, that the apparent simplicity of the device in

suit should not be taken to indicate that it is insignificant in importance.

The extent of the litigation respecting it, the persistency of appellants in clinging to the use of it, and the activity in the art to which it belongs, as set forth in the record, all afford evidence to the contrary.

ARGUMENT ON THE MERITS.

A review of the assignments of error, *seriatim*, appears in appellee's original brief.

So far as counsel is able to surmise appellants seek to reverse the Court below upon certain grounds submitted to be reversible, namely, that said Court erred:

I.

In the entry of the interlocutory decree.

II.

In denial of motion for a new trial.

III.

In finding that the device used by defendants after December 1, 1914, infringes the patent in suit.

IV.

In affirming the award of the Master.

Consideration of the foregoing four heads is bestowed each under the head as designated by the numeral above appropriated to it.

I.

Assignment of Error VII (Transcript, p. 98) specifies error in the entry of the interlocutory decree. Appellee denies right of appeal from the interlocutory decree because appeal is taken too late.

The power of this Court to entertain an appeal from an interlocutory order or decree, granting or continuing an injunction appears to be derived from Act of Congress of March 3, 1891, C. 517, Sec. 7, 26 Stat. 828.

Said section reads:

“Provided, that the appeal must be taken within thirty days from the entry of such order or decree.”

Subsequent amendatory Acts do not materially modify said proviso.

The trial of this case below was held at the November term of the Court, on the first day of December, 1915 (Transcript, p. 47).

The date of entry of the interlocutory decree (Transcript, pp. 47-50) is not attached to it, and, so far as counsel has been able to discover, is not anywhere made affirmatively to appear. This would appear to be essential, but even so a subsequent order denying defendants leave to file proposed supplemental answer dated April 17, 1916 (Transcript, pp. 60-61), leaves no room for doubt as to the fact.

No appeal in this case was taken until March 22, 1917, after final decree was rendered (Transcript, pp. 92-93) and nearly eleven months after the last interlocutory order of the Court was entered.

It is, therefore, submitted that the action of the Court below in making interlocutory orders or decrees of record (Transcript, pp. 47-50 and 60-61) is not subject to review.

II.

DENIAL OF NEW TRIAL.

Refusal by inferior court to grant a new trial is not error.

Henderson vs. Moore, 9 U. S. (5 Cranch) 11.

“This Court does not think that the refusal of an inferior Court to receive an additional plea, or to amend one already filed, can ever be assigned as error.”

The Marine Ins. Co. vs. Hodgson, 10 U. S. (6 Cranch) 206.

Even if denial of a new trial by the inferior Court were reviewable, that denial herein, upon allegation of newly discovered evidence, was made in the sound discretion of the Court below, it being clear that such evidence, if evidence it were, was open to discovery by exercise of due diligence prior to the trial, and moreover, that if admitted it would be ineffectual.

The granting of a motion for a rehearing after a decree for an injunction and account, upon the infringement of a patent, “rests in the sound discretion of the judge who heard the cause or made the decision. This seems to be the general practice in the Circuit Courts of the United States.”

Am. Diamond Rock Boring Co. vs. Sheldon,
et al. 1 Fed. 870.

Applications for rehearing in patent cases based on alleged newly discovered anticipatory publication, should not be made the basis for new proceedings, unless strict rules are satisfied.

In re Gamewell Fire Alarm Tel. Co., 73 Fed. 908 (1 C. C. A.).

Motion for a rehearing on newly discovered evidence denied, in the absence of clear proof of anticipation of the patented article.

Kerosene Lamp Co. vs. Littell, Fed. Cas. 7723.

Upon a petition for leave to reopen a cause, and to file a supplemental answer setting up a newly discovered defense, after final hearing and decree, the evidence must be clearly such as would have availed the defendants if introduced on final hearing.

Collins Co. vs. Coes, 8 Fed. 517.

Upon an application for rehearing the validity of the patent being reargued in the light of some additional evidence as to the state of the art, but no reason being assigned for failure to produce this evidence at the hearing held, that the evidence would not be considered.

Burdsall vs. Curran, 31 Fed. 918.

A rehearing in a patent case will not be granted on the ground of newly discovered evidence of priority of invention, unless such evidence, if uncontradicted, would prove priority beyond a reasonable doubt.

Sacks vs. Brooks, 85 F. 970.

A defeated defendant in a patent suit cannot file a supplemental bill in the nature of a bill of review on the ground of newly discovered evidence, consisting of patents which could have been found, by proper search of the Patent Office, before the decree was entered.

Bennett vs. Schooley, 77 Fed. 352.

After an interlocutory decree for injunction, defendants cannot be allowed to amend their answer and take new proofs as to anticipations of the patent sued on, without proof of their previous diligence in preparing their case. The expression by their solicitor, in oral agreement, of his belief on the subject is insufficient.

N. Y. Filter Co. vs. O. H. Jewell Filter Co.,
62 Fed. 582.

Reeves vs. Keystone Bridge Co., Fed. Cas. No.
11,661.

Before a motion to reopen a cause, and admit a newly discovered defense, after a final hearing, will be granted, it must be clear that such defense, if it had been made at the final hearing, would have been effectual.

Adair vs. Thayer, 7 Fed. 920.

A defendant applied for the opening of an interlocutory decree, sustaining certain patents and finding infringement, on the ground of newly discovered patents alleged to anticipate or limit those in suit, and for a rehearing of the case after the introduction of such additional patents; Held, that the application must be denied on three independent grounds; first, be-

cause it did not appear that any search prior to the hearing was made on the part of the defendant for patents germane or allied to those in suit according to their proper and usual location, arrangement and classification in the Patent Office; secondly, because it appeared by admission of the solicitors of the defendant that they had knowledge for more than a week before the signing of the decree of the existence of the alleged newly discovered patents and withheld that knowledge from the court until several days had elapsed after the decree was signed, although both parties by their solicitors were present before the court at the time and had knowledge of the formulation and settlement of the terms of such decree; and, thirdly, because from an examination of the patents sought to be introduced in connection with the expert and other affidavits and the record of the case, it appeared that those patents were immaterial so far as the result embodied in the decree was concerned.

Brill vs. North Jersey St. Ry. Co., 125 Fed. 526 (N. J.).

A petition to reopen a case after final hearing for the purpose of taking additional testimony to establish the alleged truth of a contention, will not be granted where the evidence could, by exercising proper diligence, have been produced at said final hearing.

Panzl vs. Battle Island Paper & Pulp Co. et al, 132 Fed. 607 (N. Y.).

See also

Providence Rubber Co. vs. Goodyear, 76 U. S. (9 Wall.) 805.

III.

Assignments of Error, I to VI inclusive, are conceived to be statements in different words amounting, in effect, to the single specification that the Court below erred: "In finding that the device used by defendants after December 1, 1914, infringes the patent in suit."

This proposition appellee denies, and, in support of that denial, submits, with some repetition from its original brief in order to make the present statement intelligible in itself, the following.

The validity of the patent in suit is admitted in the answer, and by appellants' counsel at the trial (Transcript, p. 23).

Infringement between November 3, 1914, and about the beginning of December, 1914, is admitted (Transcript, p. 15).

Infringement began in the wrongful appropriation of appellee's device (Transcript, p. 42), in order to deprive plaintiff below of a contract it had with the Court House of Multnomah County (Transcript, p. 17).

After issue of the patent in suit in November, 1914, upon advice of counsel, appellants, about December 1, 1914, made what they assume to call a change in their device. (Transcript, pp. 31-32.)

The "change" alleged, according to evidence for the defense, "effected no change in the device except to fasten the loose end of the chain to the basket."

"If we took the basket off that chain, we could still use it just as we did in the first instance, that is, if we put back the link in the lock." (Transcript, p. 39.)

Counsel for appellants at the hearing on appeal, it was understood, admitted in his closing argument that the real question involved in this appeal is whether infringement by defendants below of the patent in suit was avoided by the change solely in the manner of use of a device otherwise admitted to be an infringement.

Appellee denies that there was any change of the device after December 1, 1914, and the decision of the Court below is to the same effect.

But attention of the Court is invited to a decision of the Circuit Court, in D. Illinois, holding: "An infringement is not avoided * * * because the infringing device, by some colorable variation or expedient, merely impairs or narrows the function and usefulness of the device infringed."

Whitely vs. Fadner, 73 Fed. p. 486.

ANALYSIS CLAIM I OF PATENT.

To enable this Court to apprehend at a glance the issue, analysis of a claim of the patent in suit, selected for example only, is presented.

Claim 1, comprises the combination in a towel holder of four elements, as follows:

1. "A supporting member"—specifically the shelf 1 of the drawing.

2. "An assembling member adapted to secure towels in assemblage upon the supporting member"—specifically the member 4 of the drawing.

3. "A flexible retaining member cooperative therewith (with members 1 and 2 aforesaid) for the purpose specified"—specifically the flexible member of chain 19.

4. "Means for securing both ends of said retaining member to the assembling member"—specifically the padlock 7.

Examination of each claim of the patent, and particularly, for convenience, the said first claim, discloses beyond controversy that each covers a definite structure without any restriction as to use. The device of defendants below is an exact reproduction of that structure, and is precisely the same today as it was used prior to December 1, 1914, or as it was used at any date subsequent thereto.

PRIOR ART.

The art is of recent development, commencing, as it appears, about 1912, to meet the demand for a clean towel for each user in public lavatories in place of the old roller towel.

Each of the patents of record, save one, shows a device embodying a rigid member, or rod, adapted to hold the towels during their individual service, and to perform the additional function of guarding them against theft. The one function is intended to benefit the public (see Ordinance of the City of Portland below), the other the public servant or towel supplyman.

That the rod device is objectionable is made evident in respect to this case by the fact that defendants below after using it discarded it for the device of patent in suit. (Transcript, p. 40.)

The persistent use of plaintiff's device upon the part of defendants until restrained by injunction of the Court below is, it is submitted, sufficient evidence in

this case of the superiorability of the device covered by the patent in suit.

To quote the language of the Court in a similar case:

“The infringer’s conduct has been such as to preclude the belief that they have derived no advantage from the use of the plaintiff’s invention.”

Brennan vs. Dowagiac Mfg. Co., 162 Fed. 476.

THE REID PATENT.

The sole exception to the use of a rod, instead of a chain, shown in the art, is shown in the U. S. patent No. 1,067,622 to Guy Reid (Appellants’ Exhibit 7).

Despite the fact that the patent in suit, was issued over Reid, despite the fact that the validity of the patent in suit is admitted, and despite the admission of infringement, all as above set forth, appellants lay special emphasis upon the Reid patent, but for what reason does not precisely appear.

But because of the stress laid upon it, it is in order to note the clear radical differentiation between Reid’s device and that of the patent in suit. Reid merely substituted a chain of limited extent for the prior rod device, shown, for example, in the design patent to Rousso (Appellants’ Exhibit 5).

The one advantage of the chain to Reid is that by reason of its flexibility it conveniently admits of the engagement of his rod 1 with his lock 2 and its disengagement therefrom. A rod in the place of the chain in Reid would be impracticable. Nothing more of ad-

vantage is disclosed in the Reid patent or in the single claim thereof, than the one above noted, and that only by inference.

The patent in suit, on the contrary, discloses the novel idea of and means for uniting together both ends of a flexible member or chain. In other words, as set forth in the specification of the patent in suit (Appellee's Exhibit A, page 2, lines 93-96), THE RETAINING MEMBER (chain 19) CONSTITUTES "A CONTINUOUS EXTENSION OF THE ASSEMBLING MEMBER" (4).

Furthermore, means are provided for securing the ends of the flexible member together—specifically the lock 7. Reid shows none of the features last referred, and, even in view of the development of the art afforded by the patent in suit, cannot be made to include them.

There is no proof that the Reid device has ever been reduced to actual practice.

The patent stands alone in the record, unexplained by other evidence than what appears in the patent itself.

IV.

In the proceedings before the Master, voluminous testimony was taken and all points herein attempted to be raised were considered. The award of the Master was duly confirmed by the Court below.

It may be here observed that the compelling cause that operated upon defendants below to appropriate the device of the patent in suit was Ordinance No. 29,270, passed by Council of the City of Portland, July 29, 1914 (Transcript, p. 33), by virtue of which defendants were forced to find some means of compliance

with it that would enable them to continue the business in Portland. That the use of loose towels would have been practically prohibitive is established by undisputed testimony. (Transcript, p. 77.)

It is also to be observed that the efforts to prove defendants, profits in this case in lieu of damages were obstructed by the manifest evasions of the principal witness for the defense, W. C. H. Smith (Transcript, pp. 80-82, particularly 82), coupled with absence of any accounts (Transcript, p. 74, testimony of Amos Burg, defendant).

Enlarging upon citations made in its original brief (pages 18-19) appellee offers the following additional points and authorities:

Stranger cannot set up one patent as excuse for infringing another.

Cantrill vs. Wallick, 117 U. S. 689.

Evidence on an accounting under a decree in a suit for infringing a patent for wooden pavements, to show that there were other forms of wooden pavements open to the public which they might have used and made the profits or some portion of the profits which had been realized in the case of complainant's invention is incompetent.

Am., Nicholson Pavement Co. vs. Elizabeth, Fed. Cas. 309.

"Equally without foundation is the position taken by the appellants, that other pavements approaching in resemblance to that of Nicholson, were open to the public, and the specific difference between those pavements and Nicholson's was small, and that, therefore, the Nicholson patent was

entitled to only a small portion of the profits realized.

Nicholson's pavement, as before said, was a complete combination in itself, differing from every other pavement. * * * Thus combined and arranged, they (the parts) made a new thing, like a chemical compound. * * * It was this that the appellants used and, by using, made their profit, and prevented the appellee from making it. *It is not the case of a profit derived from the construction of an old pavement together with a superadded profit derived from adding thereto an improvement made by Nicholson, but of an entire profit derived from the construction of his pavement as an entirety.*"

After a review of numerous patents cited and relied on by appellants to sustain their above position as denied by the Court, the Court says (3d paragraph, page 1004, L. C. P. Co. Ed.) : "None of these pavements combine all the elements of Nicholson's, much less a combination of those elements arranged and disposed according to his plan. We think they present * * * no defense to this suit.

Elizabeth vs. Am. Nicholson Pavement Co., 97 U. S. 126; L. E. 24; 1000.

See also Hurlbut vs. Schillinger, 130 U. S. 472; L. E. 32; 1017.

In Burdett vs. Estey, 3 Fed. 566, the Court, observing that defendants might have used something else to nearly or quite the same profit, says: "they preferred to take the orator's invention. Having done that they are liable to account to him for what they gained by that taking, without

reference to what they might have gained if they had taken something else.”

Elizabeth vs. Pavement Co., 97 U. S. 126, *supra*, cited.

Respondents contending that complainants were not entitled to recover the entire profits because subject matter in suit infringes another patent and that the burden is on complainants to separate the profits, the court says:

“Aside from the question as to whether respondents’ pickers infringe the Mayo patent as well as that of complainants, there is another objection to this contention of the respondents that they are to be for that reason relieved from a portion of the damages claimed by the complainants, and that is that it has been the uniform practice of the courts to refuse to determine such collateral questions in suits where the validity and scope of a third party’s patent are not directly put in issue, and this finds direct support in the decision of the Supreme Court in McCreary vs. Pennsylvania Canal Co., 141 U. S. 459.”

Brinton vs. Paxton, 134 Fed. 78 (C. C. A. 3rd Cir.).

STATEMENT.

The above entitled cause having come on for hearing before this Honorable Court, and briefs having been filed on behalf of the respective parties, motion was presented on behalf of appellee to dismiss for want of compliance with certain rules of this Court. The motion

assigned for reasons to dismiss, first, that the Assignment of Errors filed on behalf of appellants does not, as Rule 11 requires, "set out separately and particularly each error asserted and intended to be urged;" second, that the brief filed on behalf of appellants does not comply with Rule 24 insofar as the rule (section 2) requires that it "shall contain in the order here stated—

(a) A concise abstract or statement of the case; presenting succinctly the questions involved, in the manner in which they are raised.

(b) A specification of the errors relied upon * * and state, as particularly as may be, in what the decree is alleged to be erroneous. * * * When the error alleged is to a ruling upon the report of a master, the specification shall state the exception to the report and the action of the Court upon it.

(c) A brief of the argument, exhibiting a clear statement of the points of law or fact to be discussed, with a reference to the pages of the record and the authorities relied upon in support of each point."

The motion was also made to strike or exclude from the record certain matter designated therein, as irrelevant to any issue before this Honorable Court.

The Court upon the hearing of said motion did not rule upon the motion, but announced, as counsel for appellee understood, that it is not the practice here to dismiss for failure to comply with the rules; and proceeded to hear the case, granting to appellee, nevertheless, permission to file a supplemental brief.

ARGUMENT IN SUPPORT OF MOTION TO DISMISS.

Inasmuch as counsel for appellee has been unable to find, and counsel for appellants failed to produce a prior decision of this Court outlining the practice in this Circuit respecting the necessity of observance of the rules, counsel, in view of the action at the hearing, respectfully requests this Honorable Court to rule upon the motion presented, or to make citation to ruling in a former case, if one there be to cover the several points embodied in said motion.

In that connection, counsel, craving the indulgence of the Court touching his admitted ignorance of any details of practice under the rules in this Circuit that are in point and that differ from the practice which obtains in coordinate jurisdictions—an ignorance upon which he has in vain sought enlightenment—begs to submit the following citations to precedents in other circuits in support of his motion to dismiss. Otherwise his action in making the motion to dismiss might invite disapprobation.

Justification for bringing the motion to dismiss was, in the absence of better knowledge, found in the following citations:

“The practice shall be the same as in the Supreme Court of the United States, as far as the same is applicable.”

Rule 8, 9 C. C. A.

Rule 21, U. S. S. C. and Rule 24, 9 C. C. A.
are substantially identical.

Rule 35, U. S. S. C. and

Rule 11, 9 C. C. A. are likewise substantially identical.

Strict obedience to all rules (specifically Rule 21), insisted upon.

School District No. 56 vs. St. Joseph Co., 101 U. S. 472 (11 Otto).

Too general assignment of errors insufficient.

Van Stone vs. Stillwell & Bierce Mfg. Co., 142 U. S. 128.

“Appeals are subject to the same rules, regulations, and restrictions as are or may be prescribed in law in cases of writs of error.”

Farrar vs. Churchill, 135 U. S. 609.

Court will not notice alleged error in admission or exclusion of evidence not set out substantially as required by Rules 11 and 24.

Haldane vs. U. S., 69 Fed. 819 (8 C. C. A.).

Violation of rule requiring assignment of errors condemned by Mr. Justice Miller.

Phillips vs. Seymour, 91 U. S. 646.

Dismissal for want of compliance with rule as set out in motion herein.

Benites vs. Hampton, 123 U. S. 519.

Portland Co. vs. U. S., 15 Wall. 1-3.

Assignment cannot be good under Rule 11 if it is necessary to look beyond

its terms for a specific statement of the question sought to be presented.

Grape Creek Coal Co. vs. Farmers' Loan & Trust Co., 63 Fed. 891 (7 C. C. A.).

McFarlane vs. Golling, 76 Fed. 23 (7 C. C. A.).

Rule 11, requiring assignment of errors to set out "separately and particularly each error asserted," sustained.

Deering Harvester Co. vs. Kelly, 103 Fed. 261 (6 C. C. A.).

Chandler vs. Pomeroy, 96 Fed. 156 (3 C. C. A.).

Assignments that the judgment is contrary to law, contrary to the evidence, contrary to the preponderance of the evidence, cannot be reviewed.

Smith vs. Hopkins, 120 Fed. 923 (7 C. C. A.).

See also U. S. vs. Lee Yen Tai, 113 Fed. 465 (2 C. C. A.).

Brief should, under Rule 24, conform substantially to the particular assignment of error on which it is based. Enforced.

Vider vs. O'Brien, 62 Fed. 326 (7 C. C. A.).

"Errors not specified according to this rule will be disregarded."

Rule 24, Sec. 4.

Rule will be enforced.

City of Lincoln vs. Sun Vapor Street Light Co., 59 Fed. 756 (8 C. C. A.).

Vider vs. O'Brien, 62 Fed. 326 (7 C. C. A.).

Specifications of error aimed at the opinion of the Court, and not at the decree rendered are bad.

Caverly vs. Deere, 66 Fed. 305 (C. C. A.).

Russell vs. Kern, 69 Fed. 94 (C. C. A.).

Davis vs. Packard, 6 Peters 41.

In the following case decided by the Circuit Court of Appeals for the 7th Circuit, upon an assignment of error reading:

“The Circuit Court erred in holding that respondents have not infringed upon the patent in suit, and it erred in declining to grant a provisional injunction,” etc., the Court says:

“The one thing done by the Court was to dismiss the bill, and on that action the assignment should have been predicated.”

Clark vs. Deere & Mansur Co., 80 Fed. 534.

MOTION TO STRIKE.

Motion to strike out certain matter from the record relating to motion made by plaintiffs below for a new trial, is believed to be amply supported by the following authority:

If no other documents than such as were before the inferior court upon the application for a new trial, court cannot look into them on writ of error.

Kerr vs. Clampitt, 95 U. S. (5 Otto) 188.

Respectfully submitted,
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